

Claims 13, 15, 16, and 19 to 27 have been rejected over Kenney or Wert under 35 U.S.C. 102 and 103. These rejections are respectfully traversed.

In Kenney, the subscriber has a plurality of videophones, but the videophones are not interactive videophones. The subscriber user is not performing any transactions at the videophones within the videophone system, as the subscriber is only selecting a given advertisement to appear on the display screen for viewing on one or more videos when in use.

The claims in the present application recite a number of features not disclosed in Kenney, including the videophone having a memory chip for storing transaction information, an interface chip for interfacing with the central data center, and computer means at the vendor station. For these reasons, applicant's claims patentably distinguish over Kenney.

In Wert, the subscriber has a plurality of videophones, but the videophones are not interactive videophones. The subscriber user is not performing any transactions at the videophones within the videophone system, as the subscriber is only selecting a given advertisement to appear on the display screen for viewing on one or more videos when in use.

The claims in the present application recite a number of features not disclosed in Wert, including the videophone having a memory chip for storing transaction information, an interface chip

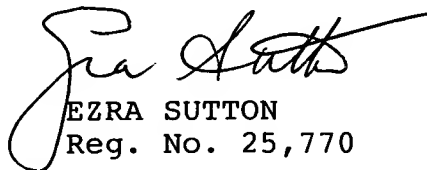
for interfacing with the central data center, and computer means at the vendor station. For these reasons, applicant's claims patentably distinguish over Wert.

Although Davis teaches the use of a videophone having a memory chip for storing received information, it would not have been obvious to substitute the memory chip from Davis into the videophone systems of Kenney or Wert. The addition of the memory chip would change the purpose and use of the entire videophone system taught by Kenney and Wert. The memory chip would modify Kenney and Wert to allow the conducting of videophone transactions, which neither of these prior art patents had previously disclosed. Therefore, it would not have been obvious to modify Kenney and Wert in this manner.

For these reasons, it is respectfully submitted that applicant's claims, as amended, patentably distinguish over the prior art.

Respectfully submitted,

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